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RUEHKT/AMEMBASSY KATHMANDU PRIORITY 5762
RUEHLO/AMEMBASSY LONDON PRIORITY 4184
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 1661
RUEHN/AMEMBASSY OSLO PRIORITY 4194
RUEHKO/AMEMBASSY TOKYO PRIORITY 3290
RUEHCG/AMCONSUL CHENNAI PRIORITY 8187
RUEHBI/AMCONSUL MUMBAI PRIORITY 5762
RUEHON/AMCONSUL TORONTO PRIORITY 0483
RUEHGV/USMISSION GENEVA PRIORITY 2504
RHHMUNA/HQ USPACOM HONOLULU HI PRIORITY
RHEFDIA/DIA WASHINGTON DC PRIORITY
RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC PRIORITY
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C O N F I D E N T I A L SECTION 01 OF 03 COLOMBO 001677

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DEPARTMENT FOR SCA/INS

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TAGS: [PGOV](#) [PREL](#) [PTER](#) [PHUM](#) [MOPS](#) [CE](#)

SUBJECT: SRI LANKA: GOVERNMENT SCRAPES TOGETHER A FINAL
BUDGET VOTE WIN

REF: COLOMBO 1656

Classified By: Ambassador Robert O. Blake, Jr., for reasons 1.4(b,d).

¶1. SUMMARY: On December 14, the United People's Freedom Alliance passed its budget with a majority of 47 votes. The Government's victory was not assured until the JVP decided, in the final hours before the vote, to abstain. The decision to abstain, after voting against the budget in the first two readings, is causing dissension within the JVP leadership. It is not clear what the government promised the JVP in exchange for its vote switch. Among the JVP's longstanding demands are the abrogation of the Cease-Fire Agreement and the dissolution of the All-Party Representative Committee charged with developing a devolution proposal. Meanwhile, the British High Commission on December 13 issued a condemnation on behalf of the EU of the abduction of family members and staff of three Tamil National Alliance members of parliament (reftel). The Pillaiyan group released the family members and staff member in Batticaloa on December 15 after 4 TNA MPs abstained from the final budget vote. The vote revealed more about the government's weakness than its strengths. There were incidents of hostage-taking in two successive rounds of budget voting that clearly intended to sway votes in favor of the budget. With the departure of the moderate SLMC leader Hakeem from the Cabinet, the government now appears more dependent on the JVP's tacit support for its own survival. End Summary.

CWC Decides Not to Risk It

¶2. (C) On December 14, the United People's Freedom Alliance passed its budget with a majority of 47 votes. Despite this seemingly comfortable majority, the Government's victory was not assured until the JVP decided, in the final moments before the vote, to abstain. When the JVP decision to abstain became apparent, several other MPs - notably the Ceylon Workers' Congress, which represents Up-Country Tamils - decided against voting with the opposition, giving the

ruling coalition an even bigger lead. According to local press and Embassy contacts, the CWC had decided to vote against the budget over concerns about the recent treatment of Tamil civilians in Colombo and unresolved problems of estate workers. The CWC reversed its decision, however, as soon as it realized the JVP planned to abstain, making it impossible to defeat the government.

¶13. (C) Former Foreign Minister (and leader of the dissident SLFP-M faction) Mangala Samaraweera told a news conference on December 17 that the opposition had lined up two UNP crossovers now serving as ministers, three SLFP ministers and six other government MPs to vote against the budget. When the JVP shift became known, according to Samawaweera, "we asked those willing to cross over to stay. We did not want them to take a risk at a time when there was no majority to beat the government."

JVP's Abstention Causes Internal Dissent

¶14. (C) The JVP's last minute decision to abstain was likely an act of self-preservation. The JVP, according to Embassy contacts, feared that with the eleventh-hour crossover of Anura Bandaranaike (the brother of former President Chandrika Kumaratunga) to the opposition and the possible loss of the Ceylon Workers Congress (CWC) votes, the Government stood a good chance of losing the vote. The JVP, afraid of losing seats in the general election that would likely result, could not accept the risk and was forced to abstain. Local press reports that the Government may have promised the JVP that it would abrogate the Cease-Fire Agreement (CFA) and reduce the

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cabinet to only thirty ministers. Minister of Transport Dullas Allahaperuma, one of the President's main political operatives, told Pol, however, that while the Government is considering some reduction of ministers during an upcoming cabinet reshuffle, the total could not be reduced to thirty. He also dismissed the idea that the Government would abrogate the CFA.

¶15. (C) The decision to abstain, after voting against the budget in the first two readings, is reportedly causing significant dissension within the JVP leadership. The JVP politburo on December 13 decided to vote against the budget. This decision was supported by JVP Secretary General Tilvin Silva and MPs Vijitha Herath and Anura Kumara Dissanayake who argued that the JVP would lose credibility if it changed its position on the budget. JVP MPs Wimal Weerawansa and KD Lalkantha, however, insisted on abstaining rather than allowing the Government to lose the vote - which might well usher in a UNP-led government. This group argued that support for the proposed budget, and with it the preservation of the current government, was necessary to continue the campaign to defeat the LTTE.

SLMC Quits Government, Except for Two

¶16. (C) Sri Lanka Muslim Congress (SLMC) leader Rauff Hakeem made the decision to leave the Government on December 13 over the government's broken promises to address grievances of Muslims in the East, particularly on alleged seizures of their farm lands by the Environment Ministry (reftel). He took three other MPs with him, while two others remained with the Government. One, K. Baiz, feared charges for corruption and illegal possession of firearms if he crossed to the opposition. Another, Nijamuddin, reportedly gave in to Government offers of power and perks. The government then held Nijamuddin in safe-keeping at the Hilton Residences apartment building for more than two days, until just before the vote, so that his SLMC colleagues could not turn him around. In an apparent reprisal for Hakeem's turnabout, on December 17 the Inland Revenue Department raided a Colombo ice-cream parlor Hakeem's wife Shahnaz owns, checking its

financial records. (Note: Hakeem had previously called for the Inland Revenue chief's suspension because of an alleged Value-Added Tax scam that cost the government billions of rupees.)

¶7. (C) In another bizarre twist, a Buddhist monk who holds one of nine seats in Parliament for the monk-based JHU reportedly had pledged to support the opposition. Under severe pressure, he checked into a private hospital to avoid having to vote. Government representatives found him there, had him transferred under armed guard to a government-run hospital, then brought him into parliament with an IV drip in place to cast his vote. He voted for the budget.

Government's Strong-arm Tactics Condemned

¶8. (C) The British High Commission on December 13 issued a statement on behalf of the EU condemning the abduction of family members and staff of three Tamil National Alliance members of parliament (reftel). The statement noted that "The European Union is deeply concerned by disturbing reports of abductions of a number of civilians connected to members of the Sri Lankan parliament. Kidnapping is the behavior of terrorists and the EU condemns it without reservation." Local press reports say that one MP received a call from her secretary just before the vote warning that those kidnapped

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would be killed if the MPs voted against the budget. Four TNA MPs abstained from the final budget vote. On the evening of December 15, the Pillaiyan group released the family

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members and staff in Batticaloa.

¶9. (C) There is widespread speculation, fueled by comments by key ministers, that the President will carry out a Cabinet reshuffle soon. It is also possible that he will move to prorogue Parliament (suspend it for up to two months). This would give the President an opportunity to terminate some investigations that have become increasingly uncomfortable for his government, banish the prospect of a no-confidence vote against individual ministers such as Tourism Minister Milinda Moragoda, and replace the heads of two oversight committees, Committee on Public Enterprises (COPE) chair Wijedasa Rajapakse and Rauff Hakeem at the Public Accounts Committee. The fiscal consequences of the budget battle will also emerge over time, as the payments and perks promised to ensure votes for the government reached astronomic proportions.

¶10. (C) COMMENT: Embassy shares the European Union's misgivings about the apparent use of hostage-taking by a paramilitary allied to the government as a means of swaying two successive budget votes. The government's repeated use of such extreme tactics has damaged its standing as a democratic regime. We will be watching closely to see how the JVP resolves its internal conflicts over strategy proceeding from its change of positions between the two budget votes. It is likely that the JVP extracted some concrete concessions in exchange for its switch, since it will need to show that it got something in exchange for saving a government that many of its supporters consider ineffective, profligate, and corrupt. In addition to demanding the abrogation of the Cease-Fire Agreement, the JVP has long been agitating for the government to terminate the APRC process to draft a devolution proposal. The JVP is not the only party that has likely lost credibility with its core voters, however. We would expect the two parties representing Up-Country Tamils to pay heavily for their continued support of the government in the next general election. In the meantime, the Government continues to market the budget win as a victory in the fight against terrorism. What the budget vote demonstrated to most observers, however, is that the government has now become

dependent on tacit support from the JVP for its continued survival.

BLAKE